

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

LAB-04 SIL-01 OMB-01 L-03 NSC-05 SS-15 STR-04 CEA-01

AGRE-00 A-01 /082 W

-----161442Z 054399 /56

R 160705Z MAR 77

FM AMEMBASSY DACCA

TO SECSTATE WASHDC 3890

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E.O. 11652: N/A

TAGS: EINV, BG

SUBJ: COOLEY LOAN: PAKISTAN FABRICS LIMITED (388-E-030)

REF: (A) DACCA 1184, (B) STATE 304905

1. ECON COUNSELOR CALLED MARCH 14 ON Z.U. AHMED DIRECTOR (FINANCE) BANGLADESH JUTE MILLS CORPORATION (BJMC), AT LATTER'S REQUEST, TO DISCUSS REPAYMENT OF SUBJECT LOAN.

2. AHMED SAID THAT: (1) HE IS TRYING TO PERSUADE PLANNING COMMISSION TO ACT AS NEGOTIATOR FOR BDG ON REPAYMENT TERMS; (2) HE WOULD PROVIDE US WITH OUTSTANDING LOAN BALANCE ACCORDING TO THEIR RECORDS; (3) BJMC PLANNED TO DISINVEST, I.E. AUCTION TO PRIVATE BIDDER, PAKISTAN (NOW BANGLADESH) FABRICS LTD. (BFL). (AHMED DOUBTED THAT ANY BUYER WOULD COME FORWARD AND IMPLIED MILL WOULD BE ABANDONED); AND (4) NEITHER BFL, WHICH WAS HEAVILY IN DEBT, NOR BJMC WHICH HAD NO SUCH PROVISION IN ITS BUDGET, COULD PAY OFF THE COOLEY LOAN, AND HENCE, MINISTRY OF FINANCE WOULD HAVE TO PAY.

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3. ECON COUNSELOR SAID HE HAD NOT YET RECEIVED ANY SPECIFIC INSTRUCTIONS; IDENTIFIED AMOUNTS OUTSTANDING AS OF 1 OCTOBER 1976; AND NOTED THAT AS THE ORIGINAL VALUE OF THE LOAN WAS IN PAKISTANI RUPEES, THE AMOUNTS DUE WOULD HAVE TO BE CALCULATED IN TAKAS AT THE RATIO OF THE RUPEE AND TAKA EXCHANGE RATES TO THE

DOLLAR (I.E., ROUGLY 3 TO 2), THEREBY RAISING THE
TAKA DEBT BY ABOUT 50 PERCENT.

4. COMMENT. THE BDG COMMITMENT TO PAY THIS COOLEY
LOAN (REFTEL) IS UNAFFECTED BY DISINVESTMENT OF THE
MILL. IT IS IMMATERIAL TO US WHICH PART OF THE BDG
PAYS US. HOWEVER, THE BDG INTERNAL DEBATE OVER WHICH
OFFICE IS TO NEGOTIATE PAYMENT TERMS COULD DELAY
SETTLEMENT OF THIS LONG-STANDING DEBT. PLEASE LET
US HAVE ANY SPECIAL INSTRUCTIONS SOON; OTHERWISE, WE
WILL ASSUME THAT THE TERMS AND GENERAL INSTRUCTIONS
(E.G. REFTEL B) CONCERNING REPAYMENT OF THE PAKISTAN
SERVICES LOAN APPLY IN THIS CASE AS WELL.
MASTERS

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NNN

Message Attributes

Automatic Decaptioning: X
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Control Number: n/a
Copy: SINGLE
Sent Date: 16-Mar-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
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Disposition Event:
Disposition History: n/a
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Secure: OPEN
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TAGS: EINV, BG
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